

## Message Text

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PAGE 01 FRANKF 02275 241354Z  
ACTION EUR-12

INFO OCT-01 ISO-00 EB-08 COME-00 TRSE-00 CEA-01 FRB-03  
OMB-01 SS-15 STR-04 NSC-05 SP-02 L-03 CIAE-00  
INR-07 NSAE-00 /062 W  
-----250202Z 076727 /22

R 241336Z MAR 77  
FM AMCONSUL FRANKFURT  
TO SECSTATE WASHDC 7587  
INFO AMEMBASSY BONN  
AMEMBASSY BUDAPEST  
AMEMBASSY LONDON  
AMEMBASSY MOSCOW

C O N F I D E N T I A L FRANKFURT 2275

E.O. 11652: GDS  
TAGS: EFIN, COMECON  
SUBJECT: IBEC/IIB BORROWING--FRANKFURT VIEWS

REFS: A. MOSCOW 3588, B. FRANKFURT 1346, C. FRANKFURT 9252

1. COMMERZBANK OFFICIAL RESPONSIBLE FOR EASTERN EUROPE  
AND FRANKFURT-BASED BANK OF AMERICA MANAGER FOR EASTERN  
EUROPE REGION BOTH DISCLAIM KNOWLEDGE OF IIB APPROACH TO  
COMMERZBANK OR OTHER GERMAN BANKS FOR LOAN.

2. BANK OF AMERICA SOURCE CONFIRMS MOSCOW REPORTS THAT  
IBEC UNHAPPY WITH FAILURE OF \$200 MILLION LOAN. HE IS NOW  
LESS SANQUINE ON CHANCES FOR RESOLUTION OF THE IBEC LOAN.  
IF IIB WERE TO COME TO MARKET FOR A \$300 MILLION LOAN,  
THIS SOURCE BELIEVES IT COULD BE USED TO SUBSTITUTE FOR  
THE ABORTED IBEC LOAN AND PART OF THE PROCEEDS  
COULD BE DESTINED FOR POLAND. HE SEES 7/8 PERCENT OVER  
LIBOR AS UNREALISTIC, WITH NO WESTERN BANK INTERESTED  
IN LENDING TO THE SOVIET UNION OR COMECON BANKS AT THAT  
LOW RATE.

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3. THE COMMERZBANK SOURCE OFFERED A BYZANTINE BUT  
INTERESTING EXPLANATION FOR THE MISCARRIAGE OF THE IBEC LOAN.  
ACCORDING TO THIS SCENARIO, FOR REASON OF PRESTIGE, THE  
SOVIETS DID NOT FEEL THEY COULD TAKE A HIGHER RATE THAN THE  
RECENT 1 1/8 PERCENT OVER LIBOR ACCORDED TO HUNGARY  
(REF C). THE BANK OF AMERICA WOULD NOT COME DOWN FROM 1 1/4

PERCENT, AND THE LEGALISTIC ISSUE WAS CREATED AS A FACE-SAVING DEVICE FOR BOTH PARTIES. IT IS DIFFICULT TO CONFIRM OR REFUTE THIS ANALYSIS. THE COMMERZBANK SOURCE CONSIDERS THE SOVIET OFFER OF 7/8 PERCENT OVER LIBOR AS A BARGAINING TACTIC IN AN EFFORT TO OBTAIN SOMETHING UNDER 1 1/4 PERCENT. LEHMANN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BANK LOANS, BANKS  
**Control Number:** n/a  
**Copy:** SINGLE  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977FRANKF02275  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
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**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 MOSCOW 3588, 77 FRANKFURT 1346, 77 FRANKFURT 9252  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
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**Review Event:**  
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**Review Withdrawn Fields:** n/a  
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**TAGS:** EFIN, UR, COMECON, COMMERZBANK  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009